

House File 2274 - Introduced

HOUSE FILE 2274

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 519)

A BILL FOR

1 An Act relating to property taxation and local government
2 budgets by increasing the regular program foundation base
3 percentage, establishing a property tax exemption for
4 certain commercial and industrial property, establishing
5 and modifying property assessment limitations, providing
6 for certain property tax replacement payments, modifying
7 the assessment and taxation of telecommunications company
8 property, establishing budget limitations for counties
9 and cities, eliminating certain reporting requirements,
10 making appropriations, and including effective date and
11 applicability provisions.

12 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

EDUCATION FINANCE

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Section 1. Section 257.1, subsection 2, paragraph b, Code 2011, is amended by striking the paragraph and inserting in lieu thereof the following:

b. (1) The regular program foundation base per pupil is the following:

(a) For the budget year commencing July 1, 2012, and the budget year commencing July 1, 2013, the regular program foundation base per pupil is eighty-seven and five-tenths percent of the regular program state cost per pupil.

(b) For the budget year commencing July 1, 2014, the regular program foundation base per pupil is eighty-nine and six hundredths percent of the regular program state cost per pupil.

(c) For the budget year commencing July 1, 2015, the regular program foundation base per pupil is ninety and sixty-three hundredths percent of the regular program state cost per pupil.

(d) For the budget year commencing July 1, 2016, the regular program foundation base per pupil is ninety-two and nineteen hundredths percent of the regular program state cost per pupil.

(e) For the budget year commencing July 1, 2017, the regular program foundation base per pupil is ninety-three and seventy-five hundredths percent of the regular program state cost per pupil.

(f) For the budget year commencing July 1, 2018, the regular program foundation base per pupil is ninety-five and thirty-one hundredths percent of the regular program state cost per pupil.

(g) For the budget year commencing July 1, 2019, the regular program foundation base per pupil is ninety-six and eighty-eight hundredths percent of the regular program state cost per pupil.

(h) For the budget year commencing July 1, 2020, the regular program foundation base per pupil is ninety-eight and forty-four hundredths percent of the regular program state cost per pupil.

1 (i) For the budget year commencing July 1, 2021, and
2 succeeding budget years, the regular program foundation base
3 per pupil is one hundred percent of the regular program state
4 cost per pupil.

5 (2) For each budget year, the special education support
6 services foundation base is seventy-nine percent of the special
7 education support services state cost per pupil. The combined
8 foundation base is the sum of the regular program foundation
9 base, the special education support services foundation base,
10 the total teacher salary supplement district cost, the total
11 professional development supplement district cost, the total
12 early intervention supplement district cost, the total area
13 education agency teacher salary supplement district cost,
14 and the total area education agency professional development
15 supplement district cost.

16 Sec. 2. Section 257.4, subsection 1, paragraph b, Code 2011,
17 is amended to read as follows:

18 b. For the budget year beginning July 1, 2008, and
19 succeeding budget years beginning before July 1, 2021, the
20 department of management shall annually determine an adjusted
21 additional property tax levy and a statewide maximum adjusted
22 additional property tax levy rate, not to exceed the statewide
23 average additional property tax levy rate, calculated by
24 dividing the total adjusted additional property tax levy
25 dollars statewide by the statewide total net taxable valuation.
26 For purposes of this paragraph, the adjusted additional
27 property tax levy shall be that portion of the additional
28 property tax levy corresponding to the state cost per pupil
29 multiplied by a school district's weighted enrollment, and then
30 multiplied by one hundred percent less the regular program
31 foundation base per pupil percentage pursuant to section
32 257.1. The For budget years beginning before July 1, 2021, the
33 district shall receive adjusted additional property tax levy
34 aid in an amount equal to the difference between the adjusted
35 additional property tax levy rate and the statewide maximum

1 adjusted additional property tax levy rate, as applied per
2 thousand dollars of assessed valuation on all taxable property
3 in the district. ~~The statewide maximum adjusted additional~~
4 ~~property tax levy rate shall be annually determined by the~~
5 ~~department taking into account amounts allocated pursuant to~~
6 ~~section 257.15, subsection 4.~~ The For budget years beginning
7 before July 1, 2021, the statewide maximum adjusted additional
8 property tax levy rate shall be annually determined by the
9 department taking into account amounts allocated pursuant to
10 section 257.15, subsection 4, and the balance of the property
11 tax equity and relief fund created in section 257.16A at the
12 end of the calendar year.

13 Sec. 3. Section 257.15, subsection 4, Code 2011, is amended
14 to read as follows:

15 4. a. *Allocations for maximum adjusted additional property*
16 *tax levy rate calculation and adjusted additional property*
17 *tax levy aid.* The For fiscal years beginning before July 1,
18 2021, the department of management shall allocate from amounts
19 appropriated pursuant to section 257.16, subsection 1, and from
20 funds appropriated from the property tax equity and relief
21 fund created in section 257.16A for the purpose of calculating
22 the statewide maximum adjusted additional property tax levy
23 rate and providing adjusted additional property tax levy aid
24 as provided in section 257.4, subsection 1, paragraph "b",
25 an amount equal to the sum of subparagraphs (1) and (2) as
26 follows:

27 (1) From the amount appropriated from the general fund of
28 the state pursuant to section 257.16, subsection 1, equal to
29 the following:

30 (a) For the budget year beginning July 1, 2006, six million
31 dollars.

32 (b) For the budget year beginning July 1, 2007, twelve
33 million dollars.

34 (c) For the budget year beginning July 1, 2008, eighteen
35 million dollars.

1 (d) For the budget year beginning July 1, 2009, and
2 succeeding budget years beginning before July 1, 2021,
3 twenty-four million dollars.

4 (2) From the amount appropriated from the property tax
5 equity and relief fund created in section 257.16A.

6 b. After lowering all school district additional property
7 tax levy rates to the statewide maximum adjusted additional
8 property tax levy rate under paragraph "a", the department of
9 management shall use any remaining funds at the end of the
10 calendar year to further lower additional property taxes by
11 increasing for the budget year beginning the following July
12 1, the state foundation base percentage. If, however, the
13 state foundation base percentage is one hundred percent, the
14 department of management shall deposit those remaining funds
15 in the taxpayers trust fund created in section 8.57E. Moneys
16 used pursuant to this paragraph shall supplant an equal amount
17 of the appropriation made from the general fund of the state
18 pursuant to section 257.16 that represents the increase in
19 state foundation aid.

20 Sec. 4. Section 257.16A, subsections 2 and 3, Code 2011, are
21 amended to read as follows:

22 2. ~~There~~ For fiscal years beginning before July 1, 2021,
23 there is appropriated annually all moneys in the fund to the
24 department of management for purposes of section 257.15,
25 subsection 4.

26 3. ~~Notwithstanding~~ Except as provided in subsection 4,
27 and notwithstanding section 8.33, any moneys remaining in the
28 property tax equity and relief fund at the end of a fiscal year
29 shall not revert to any other fund but shall remain in the
30 property tax equity and relief fund for use as provided in this
31 section for the following fiscal year.

32 Sec. 5. Section 257.16A, Code 2011, is amended by adding the
33 following new subsection:

34 NEW SUBSECTION. 4. Any moneys in the property tax equity
35 and relief fund on June 30, 2021, shall be deposited by the

1 department of management in the taxpayers trust fund created
2 in section 8.57E.

3 Sec. 6. Section 423F.2, subsection 3, Code 2011, is amended
4 to read as follows:

5 3. The moneys available in a fiscal year in the secure an
6 advanced vision for education fund shall be distributed by the
7 department of revenue to each school district in an amount
8 equal to the amount the school district would have received
9 pursuant to the formula in section 423E.4 as if the local
10 sales and services tax for school infrastructure purposes was
11 imposed. Moneys collected in a fiscal year beginning before
12 July 1, 2019, that are in excess of that needed to provide each
13 school district with its formula amount shall be distributed
14 and credited to the property tax equity and relief fund
15 created in section 257.16A. Moneys collected in a fiscal year
16 beginning on or after July 1, 2019, that are in excess of that
17 amount needed to provide each school district with its formula
18 amount shall be deposited in the taxpayers trust fund created
19 in section 8.57E.

20 DIVISION II

21 PROPERTY TAX EXEMPTION AND ASSESSMENT LIMITATIONS — PROPERTY
22 TAX REPLACEMENT

23 Sec. 7. Section 257.3, subsection 1, Code 2011, is amended
24 by adding the following new paragraph:

25 NEW PARAGRAPH. *d.* The amount paid to each school district
26 for the commercial and industrial property tax replacement
27 claim under section 441.21A shall be regarded as property tax.
28 The portion of the payment which is foundation property tax
29 shall be determined by applying the foundation property tax
30 rate to the amount computed under section 441.21A, subsection
31 4, paragraph "a", and such amount shall be prorated pursuant to
32 section 441.21A, subsection 2, if applicable.

33 Sec. 8. Section 331.512, Code 2011, is amended by adding the
34 following new subsection:

35 NEW SUBSECTION. 13A. Carry out duties relating to the

1 calculation and payment of commercial and industrial property
2 tax replacement claims under section 441.21A.

3 Sec. 9. Section 331.512, Code 2011, is amended by adding the
4 following new subsection:

5 NEW SUBSECTION. 13B. Carry out duties relating to the
6 commercial and industrial property tax exemption as provided in
7 section 427.1, subsection 38.

8 Sec. 10. Section 331.559, Code 2011, is amended by adding
9 the following new subsection:

10 NEW SUBSECTION. 25A. Carry out duties relating to the
11 calculation and payment of commercial and industrial property
12 tax replacement claims under section 441.21A.

13 Sec. 11. Section 427.1, Code Supplement 2011, is amended by
14 adding the following new subsection:

15 NEW SUBSECTION. 38. *Commercial and industrial property.*

16 *a.* Property that is not located in an urban renewal area
17 for which an ordinance providing for a division of revenue
18 was adopted before January 1, 2012, and is in effect on the
19 date of the assessment and that is classified for property tax
20 purposes as either commercial property or industrial property.
21 For assessment years beginning on or after January 1, 2013,
22 but before January 1, 2018, the exemption provided under
23 this subsection is limited to an amount of actual value of
24 the property equal to fifteen percent of either four hundred
25 thousand dollars or the actual value of the property, whichever
26 is less. For the assessment year beginning on January 1, 2018,
27 the exemption provided under this subsection is limited to an
28 amount of actual value of the property equal to ten percent
29 of either four hundred thousand dollars or the actual value
30 of the property, whichever is less. For the assessment year
31 beginning on January 1, 2019, the exemption provided under
32 this subsection is limited to an amount of actual value of the
33 property equal to five percent of either four hundred thousand
34 dollars or the actual value of the property, whichever is less.

35 *b.* If property that is eligible for the exemption under this

1 subsection also receives a property tax exemption under another
2 provision of law for the same assessment year, the amount of
3 the exemption determined under this subsection shall be reduced
4 by the amount of the other exemption.

5 *c.* Wind energy conversion property as defined in section
6 427B.26 is not eligible for the exemption provided under this
7 subsection.

8 *d.* Upon receiving the appropriate valuation information and
9 data from the assessor, the county auditor shall calculate the
10 amount of each exemption under this subsection and shall enter
11 such exemption amounts in the county system.

12 Sec. 12. Section 441.21, subsection 4, Code Supplement
13 2011, is amended to read as follows:

14 4. For valuations established as of January 1, 1979,
15 the percentage of actual value at which agricultural and
16 residential property shall be assessed shall be the quotient
17 of the dividend and divisor as defined in this section. The
18 dividend for each class of property shall be the dividend
19 as determined for each class of property for valuations
20 established as of January 1, 1978, adjusted by the product
21 obtained by multiplying the percentage determined for that
22 year by the amount of any additions or deletions to actual
23 value, excluding those resulting from the revaluation of
24 existing properties, as reported by the assessors on the
25 abstracts of assessment for 1978, plus six percent of the
26 amount so determined. However, if the difference between the
27 dividend so determined for either class of property and the
28 dividend for that class of property for valuations established
29 as of January 1, 1978, adjusted by the product obtained by
30 multiplying the percentage determined for that year by the
31 amount of any additions or deletions to actual value, excluding
32 those resulting from the revaluation of existing properties,
33 as reported by the assessors on the abstracts of assessment
34 for 1978, is less than six percent, the 1979 dividend for the
35 other class of property shall be the dividend as determined for

1 that class of property for valuations established as of January
2 1, 1978, adjusted by the product obtained by multiplying
3 the percentage determined for that year by the amount of
4 any additions or deletions to actual value, excluding those
5 resulting from the revaluation of existing properties, as
6 reported by the assessors on the abstracts of assessment for
7 1978, plus a percentage of the amount so determined which is
8 equal to the percentage by which the dividend as determined
9 for the other class of property for valuations established
10 as of January 1, 1978, adjusted by the product obtained by
11 multiplying the percentage determined for that year by the
12 amount of any additions or deletions to actual value, excluding
13 those resulting from the revaluation of existing properties,
14 as reported by the assessors on the abstracts of assessment
15 for 1978, is increased in arriving at the 1979 dividend for
16 the other class of property. The divisor for each class
17 of property shall be the total actual value of all such
18 property in the state in the preceding year, as reported by
19 the assessors on the abstracts of assessment submitted for
20 1978, plus the amount of value added to said total actual
21 value by the revaluation of existing properties in 1979 as
22 equalized by the director of revenue pursuant to section
23 441.49. The director shall utilize information reported on
24 abstracts of assessment submitted pursuant to section 441.45
25 in determining such percentage. For valuations established
26 as of January 1, 1980, and each assessment year thereafter
27 beginning before January 1, 2013, the percentage of actual
28 value as equalized by the director of revenue as provided
29 in section 441.49 at which agricultural and residential
30 property shall be assessed shall be calculated in accordance
31 with the methods provided herein including the limitation of
32 increases in agricultural and residential assessed values to
33 the percentage increase of the other class of property if the
34 other class increases less than the allowable limit adjusted to
35 include the applicable and current values as equalized by the

1 director of revenue, except that any references to six percent
 2 in this subsection shall be four percent. For valuations
 3 established as of January 1, 2013, and each assessment year
 4 thereafter, the percentage of actual value as equalized by the
 5 director of revenue as provided in section 441.49 at which
 6 agricultural and residential property shall be assessed shall
 7 be calculated in accordance with the methods provided herein
 8 including the limitation of increases in agricultural and
 9 residential assessed values to the percentage increase of the
 10 other class of property if the other class increases less
 11 than the allowable limit adjusted to include the applicable
 12 and current values as equalized by the director of revenue,
 13 except that any references to six percent in this subsection
 14 shall be two percent. However, for valuations established
 15 as of January 1, 2013, and each assessment year thereafter,
 16 the percentage of actual value as equalized by the director
 17 of revenue as provided in section 441.49 at which residential
 18 property shall be assessed, as calculated in accordance with
 19 the methods provided herein, shall not exceed the percentage of
 20 actual value at which property assessed as commercial property
 21 is assessed under subsection 5, paragraph "b", for the same
 22 assessment year.

23 Sec. 13. Section 441.21, subsection 5, Code Supplement
 24 2011, is amended to read as follows:

25 5. a. ~~For valuations established as of January 1, 1979,~~
 26 ~~commercial property and industrial property, excluding~~
 27 ~~properties referred to in section 427A.1, subsection 8, shall~~
 28 ~~be assessed as a percentage of the actual value of each class~~
 29 ~~of property. The percentage shall be determined for each~~
 30 ~~class of property by the director of revenue for the state in~~
 31 ~~accordance with the provisions of this section. For valuations~~
 32 ~~established as of January 1, 1979, the percentage shall be~~
 33 ~~the quotient of the dividend and divisor as defined in this~~
 34 ~~section. The dividend for each class of property shall be the~~
 35 ~~total actual valuation for each class of property established~~

1 ~~for 1978, plus six percent of the amount so determined. The~~
2 ~~divisor for each class of property shall be the valuation~~
3 ~~for each class of property established for 1978, as reported~~
4 ~~by the assessors on the abstracts of assessment for 1978,~~
5 ~~plus the amount of value added to the total actual value by~~
6 ~~the revaluation of existing properties in 1979 as equalized~~
7 ~~by the director of revenue pursuant to section 441.49. For~~
8 valuations established as of January 1, 1979, property valued
9 by the department of revenue pursuant to chapters 428, 433,
10 437, and 438 shall be considered as one class of property and
11 shall be assessed as a percentage of its actual value. The
12 percentage shall be determined by the director of revenue in
13 accordance with the provisions of this section. For valuations
14 established as of January 1, 1979, the percentage shall be
15 the quotient of the dividend and divisor as defined in this
16 section. The dividend shall be the total actual valuation
17 established for 1978 by the department of revenue, plus ten
18 percent of the amount so determined. The divisor for property
19 valued by the department of revenue pursuant to chapters 428,
20 433, 437, and 438 shall be the valuation established for 1978,
21 plus the amount of value added to the total actual value by
22 the revaluation of the property by the department of revenue
23 as of January 1, 1979. ~~For valuations established as of~~
24 ~~January 1, 1980, commercial property and industrial property,~~
25 ~~excluding properties referred to in section 427A.1, subsection~~
26 ~~8, shall be assessed at a percentage of the actual value of~~
27 ~~each class of property. The percentage shall be determined~~
28 ~~for each class of property by the director of revenue for the~~
29 ~~state in accordance with the provisions of this section. For~~
30 ~~valuations established as of January 1, 1980, the percentage~~
31 ~~shall be the quotient of the dividend and divisor as defined in~~
32 ~~this section. The dividend for each class of property shall~~
33 ~~be the dividend as determined for each class of property for~~
34 ~~valuations established as of January 1, 1979, adjusted by the~~
35 ~~product obtained by multiplying the percentage determined~~

1 ~~for that year by the amount of any additions or deletions to~~
2 ~~actual value, excluding those resulting from the revaluation~~
3 ~~of existing properties, as reported by the assessors on the~~
4 ~~abstracts of assessment for 1979, plus four percent of the~~
5 ~~amount so determined. The divisor for each class of property~~
6 ~~shall be the total actual value of all such property in 1979,~~
7 ~~as equalized by the director of revenue pursuant to section~~
8 ~~441.49, plus the amount of value added to the total actual~~
9 ~~value by the revaluation of existing properties in 1980. The~~
10 ~~director shall utilize information reported on the abstracts of~~
11 ~~assessment submitted pursuant to section 441.45 in determining~~
12 ~~such percentage. For valuations established as of January 1,~~
13 ~~1980, property valued by the department of revenue pursuant~~
14 ~~to chapters 428, 433, 437, and 438 shall be assessed at a~~
15 ~~percentage of its actual value. The percentage shall be~~
16 ~~determined by the director of revenue in accordance with the~~
17 ~~provisions of this section. For valuations established as of~~
18 ~~January 1, 1980, the percentage shall be the quotient of the~~
19 ~~dividend and divisor as defined in this section. The dividend~~
20 ~~shall be the total actual valuation established for 1979 by~~
21 ~~the department of revenue, plus eight percent of the amount so~~
22 ~~determined. The divisor for property valued by the department~~
23 ~~of revenue pursuant to chapters 428, 433, 437, and 438 shall be~~
24 ~~the valuation established for 1979, plus the amount of value~~
25 ~~added to the total actual value by the revaluation of the~~
26 ~~property by the department of revenue as of January 1, 1980.~~
27 ~~For valuations established as of January 1, 1981, and each~~
28 ~~year thereafter, the percentage of actual value as equalized~~
29 ~~by the director of revenue as provided in section 441.49 at~~
30 ~~which commercial property and industrial property, excluding~~
31 ~~properties referred to in section 427A.1, subsection 8, shall~~
32 ~~be assessed shall be calculated in accordance with the methods~~
33 ~~provided herein, except that any references to six percent~~
34 ~~in this subsection shall be four percent. For valuations~~
35 ~~established as of January 1, 1981, and each year thereafter,~~

1 the percentage of actual value at which property valued by
2 the department of revenue pursuant to chapters 428, 433, 437,
3 and 438 shall be assessed shall be calculated in accordance
4 with the methods provided herein, except that any references
5 to ten percent in this subsection shall be eight percent.
6 Beginning with valuations established as of January 1, 1979,
7 and each assessment year thereafter beginning before January
8 1, 2013, property valued by the department of revenue pursuant
9 to chapter 434 shall also be assessed at a percentage of its
10 actual value which percentage shall be equal to the percentage
11 determined by the director of revenue for commercial property,
12 industrial property, or property valued by the department of
13 revenue pursuant to chapters 428, 433, 437, and 438, whichever
14 is lowest. For valuations established on or after January 1,
15 2013, property valued by the department of revenue pursuant
16 to chapter 434 that is not located in an urban renewal area
17 for which an ordinance providing for a division of revenue was
18 adopted before January 1, 2012, and is in effect on the date
19 of the assessment shall be assessed at a percentage of its
20 actual value equal to the percentage of actual value at which
21 property assessed as commercial property is assessed for the
22 same assessment year under paragraph "b".

23 b. For valuations established on or after January 1, 2013,
24 commercial property that is not located in an urban renewal
25 area for which an ordinance providing for a division of revenue
26 was adopted before January 1, 2012, and is in effect on the
27 date of the assessment, and excluding properties referred
28 to in section 427A.1, subsection 8, shall be assessed as a
29 percentage of its actual value, as determined in this paragraph
30 "b". For valuations established for the assessment year
31 beginning January 1, 2013, the percentage of actual value as
32 equalized by the director of revenue as provided in section
33 441.49 at which such commercial property shall be assessed
34 shall be ninety-five percent. For valuations established for
35 the assessment year beginning January 1, 2014, the percentage

1 of actual value as equalized by the director of revenue as
2 provided in section 441.49 at which such commercial property
3 shall be assessed shall be ninety percent. For valuations
4 established for the assessment year beginning January 1, 2015,
5 the percentage of actual value as equalized by the director of
6 revenue as provided in section 441.49 at which such commercial
7 property shall be assessed shall be eighty-five percent. For
8 valuations established for the assessment year beginning
9 January 1, 2016, the percentage of actual value as equalized by
10 the director of revenue as provided in section 441.49 at which
11 such commercial property shall be assessed shall be eighty
12 percent. For valuations established for the assessment year
13 beginning January 1, 2017, the percentage of actual value as
14 equalized by the director of revenue as provided in section
15 441.49 at which such commercial property shall be assessed
16 shall be seventy-five percent. For valuations established for
17 the assessment year beginning January 1, 2018, the percentage
18 of actual value as equalized by the director of revenue as
19 provided in section 441.49 at which such commercial property
20 shall be assessed shall be seventy percent. For valuations
21 established for the assessment year beginning January 1, 2019,
22 the percentage of actual value as equalized by the director of
23 revenue as provided in section 441.49 at which such commercial
24 property shall be assessed shall be sixty-five percent. For
25 valuations established for the assessment year beginning
26 January 1, 2020, and each assessment year thereafter, the
27 percentage of actual value as equalized by the director of
28 revenue as provided in section 441.49 at which such commercial
29 property shall be assessed shall be sixty percent.

30 c. For valuations established on or after January 1,
31 2013, industrial property that is not located in an urban
32 renewal area for which an ordinance providing for a division
33 of revenue was adopted before January 1, 2012, and is in
34 effect on the date of the assessment, and excluding properties
35 referred to in section 427A.1, subsection 8, shall be assessed

1 as a percentage of its actual value, as determined in this
2 paragraph "c". For valuations established for the assessment
3 year beginning January 1, 2013, the percentage of actual value
4 as equalized by the director of revenue as provided in section
5 441.49 at which such industrial property shall be assessed
6 shall be ninety-five percent. For valuations established for
7 the assessment year beginning January 1, 2014, the percentage
8 of actual value as equalized by the director of revenue as
9 provided in section 441.49 at which such industrial property
10 shall be assessed shall be ninety percent. For valuations
11 established for the assessment year beginning January 1, 2015,
12 the percentage of actual value as equalized by the director of
13 revenue as provided in section 441.49 at which such industrial
14 property shall be assessed shall be eighty-five percent. For
15 valuations established for the assessment year beginning
16 January 1, 2016, the percentage of actual value as equalized by
17 the director of revenue as provided in section 441.49 at which
18 such industrial property shall be assessed shall be eighty
19 percent. For valuations established for the assessment year
20 beginning January 1, 2017, the percentage of actual value as
21 equalized by the director of revenue as provided in section
22 441.49 at which such industrial property shall be assessed
23 shall be seventy-five percent. For valuations established for
24 the assessment year beginning January 1, 2018, the percentage
25 of actual value as equalized by the director of revenue as
26 provided in section 441.49 at which such industrial property
27 shall be assessed shall be seventy percent. For valuations
28 established for the assessment year beginning January 1, 2019,
29 the percentage of actual value as equalized by the director of
30 revenue as provided in section 441.49 at which such industrial
31 property shall be assessed shall be sixty-five percent. For
32 valuations established for the assessment year beginning
33 January 1, 2020, and each assessment year thereafter, the
34 percentage of actual value as equalized by the director of
35 revenue as provided in section 441.49 at which such industrial

1 property shall be assessed shall be sixty percent.

2 Sec. 14. NEW SECTION. **441.21A Commercial and industrial**
3 **property tax replacement fund — replacement claims.**

4 1. *a.* The commercial and industrial property tax
5 replacement fund is created in the state treasury under
6 the control of the department of revenue for the payment of
7 commercial and industrial property tax replacement claims in
8 fiscal years beginning on or after July 1, 2014.

9 *b.* For the fiscal year beginning July 1, 2014, there
10 is appropriated from the general fund of the state to the
11 department of revenue to be credited to the fund, one hundred
12 million dollars. For the fiscal year beginning July 1, 2015,
13 there is appropriated from the general fund of the state to
14 the department of revenue to be credited to the fund, one
15 hundred fifty million dollars. For the fiscal year beginning
16 July 1, 2016, there is appropriated from the general fund of
17 the state to the department of revenue to be credited to the
18 fund, one hundred eighty million dollars. For the fiscal year
19 beginning July 1, 2017, there is appropriated from the general
20 fund of the state to the department of revenue to be credited
21 to the fund, two hundred ten million dollars. For the fiscal
22 year beginning July 1, 2018, and each fiscal year thereafter,
23 there is appropriated from the general fund of the state to the
24 department of revenue to be credited to the fund, two hundred
25 forty million dollars.

26 2. Beginning with the fiscal year beginning July 1, 2014,
27 each county treasurer shall be paid from the commercial and
28 industrial property tax replacement fund an amount equal to
29 the amount of the commercial and industrial property tax
30 replacement claims in the county, as calculated in subsection
31 4. If an amount appropriated for a fiscal year is insufficient
32 to pay all replacement claims, the director of revenue
33 shall prorate the disbursements from the fund to the county
34 treasurers and shall notify the county auditors of the pro rata
35 percentage on or before September 30. Any unspent balance in

1 the fund as of June 30 of each year shall revert to the general
2 fund of the state as provided by section 8.33.

3 3. On or before July 1 of each fiscal year beginning on
4 or after July 1, 2014, the assessor shall determine the total
5 assessed value of all commercial property, industrial property,
6 and property assessed by the department of revenue pursuant to
7 chapter 434 assessed for taxes due and payable in that fiscal
8 year and the total assessed value of such property assessed
9 as of January 1, 2012, and shall report the valuations to the
10 county auditor.

11 4. On or before September 1 of each fiscal year beginning
12 on or after July 1, 2014, the county auditor shall prepare
13 a statement, based upon the report received pursuant to
14 subsection 3, listing for each taxing district in the county:

15 a. The difference between the assessed valuation of all
16 commercial property, industrial property, and property assessed
17 by the department of revenue pursuant to chapter 434 assessed
18 for the current assessment year, beginning with the assessment
19 year beginning January 1, 2013, and the assessed value of all
20 commercial property, industrial property, and property assessed
21 by the department of revenue pursuant to chapter 434 assessed
22 as of January 1, 2012. If the assessed value of all commercial
23 property, industrial property, and property assessed by the
24 department of revenue pursuant to chapter 434 assessed as of
25 January 1, 2012, is less than the assessed valuation of all
26 commercial property, industrial property, and property assessed
27 by the department of revenue pursuant to chapter 434 for the
28 current assessment year, there is no tax replacement for that
29 taxing district for the fiscal year.

30 b. The tax levy rate for each taxing district for that
31 fiscal year.

32 c. The commercial and industrial property tax replacement
33 claim for each taxing district. For fiscal years beginning on
34 or after July 1, 2014, the replacement claim is equal to the
35 amount determined pursuant to paragraph "a", multiplied by the

1 tax rate specified in paragraph "b".

2 5. For purposes of computing replacement amounts under
3 this section, that portion of an urban renewal area defined as
4 the sum of the assessed valuations defined in section 403.19,
5 subsections 1 and 2, shall not be considered a taxing district.

6 6. a. The county auditor shall certify and forward one copy
7 of the statement to the department of revenue not later than
8 September 1 of each year.

9 b. The replacement claims shall be paid to each county
10 treasurer in equal installments in September and March of each
11 year. The county treasurer shall apportion the replacement
12 claim payments among the eligible taxing districts in the
13 county.

14 Sec. 15. SAVINGS PROVISION. This division of this Act,
15 pursuant to section 4.13, does not affect the operation of,
16 or prohibit the application of, prior provisions of section
17 441.21, or rules adopted under chapter 17A to administer prior
18 provisions of section 441.21, for assessment years beginning
19 before January 1, 2013, and for duties, powers, protests,
20 appeals, proceedings, actions, or remedies attributable to an
21 assessment year beginning before January 1, 2013.

22 Sec. 16. IMPLEMENTATION. Section 25B.7 shall not apply to
23 this division of this Act.

24 Sec. 17. APPLICABILITY. This division of this Act applies
25 to assessment years beginning on or after January 1, 2013.

26 DIVISION III

27 TELECOMMUNICATIONS PROPERTY TAX

28 Sec. 18. Section 427A.1, subsection 1, paragraph h, Code
29 2011, is amended to read as follows:

30 h. Property assessed by the department of revenue pursuant
31 to sections 428.24 to 428.29, or chapters ~~433~~, 434, 437, 437A,
32 and 438.

33 Sec. 19. Section 433.4, Code 2011, is amended to read as
34 follows:

35 **433.4 Assessment.**

1 1. The director of revenue shall on or before October 31
 2 each year, proceed to find the actual value of the property
 3 of these companies in this state used by the companies in the
 4 transaction of telegraph and telephone business, taking into
 5 consideration the information obtained from the statements
 6 required, and any further information the director can obtain,
 7 using the same as a means for determining the actual ~~cash~~ value
 8 of the property of these companies within this state. ~~The~~
 9 ~~director shall also take into consideration the valuation of~~
 10 ~~all property of these companies, including franchises and the~~
 11 ~~use of the property in connection with lines outside the state,~~
 12 ~~and making these deductions as may be necessary on account of~~
 13 ~~extra value of property outside the state as compared with~~
 14 ~~the value of property in the state, in order that the actual~~
 15 ~~cash value of the property of the company within this state~~
 16 ~~may be ascertained. The assessment shall include all property~~
 17 ~~of every kind and character whatsoever, real, personal, or~~
 18 ~~mixed, used by the companies in the transaction of telegraph~~
 19 ~~and telephone business; and the The property so included in~~
 20 the assessment shall not be taxed in any other manner than as
 21 provided in this chapter.

22 2. a. Except as provided in paragraph "c", for assessment
 23 years beginning on or after January 1, 2013, a company's
 24 property, excluding the property identified in paragraph "b"
 25 as exempt from taxation, shall be subject to assessment and
 26 taxation under this chapter by the director of revenue in
 27 the same manner as property assessed and taxed as commercial
 28 property under chapters 427, 427A, 427B, 428, and 441.

29 b. All of the following is exempt from taxation and shall
 30 not be assessed for taxation under this chapter:

31 (1) Central office equipment.

32 (2) Transmission equipment.

33 (3) Qualified telephone company property. However,
 34 qualified telephone company property shall be valued and
 35 included in the company's assessment for the assessment years,

1 and to the extent specified, in paragraph "c".

2 c. For assessment years beginning on or after January 1,
3 2013, but before January 1, 2020, the director of revenue shall
4 include as part of the actual value determined under paragraph
5 "a" for the applicable assessment year, the following:

6 (1) For the assessment year beginning January 1, 2013, an
7 amount equal to the actual value of the company's qualified
8 telephone company property that exceeds five million dollars.

9 (2) For the assessment year beginning January 1, 2014, an
10 amount equal to the actual value of the company's qualified
11 telephone company property that exceeds twenty-five million
12 dollars.

13 (3) For the assessment year beginning January 1, 2015, an
14 amount equal to the actual value of the company's qualified
15 telephone company property that exceeds fifty million dollars.

16 (4) For the assessment year beginning January 1, 2016, an
17 amount equal to the actual value of the company's qualified
18 telephone company property that exceeds seventy-five million
19 dollars.

20 (5) For the assessment year beginning January 1, 2017, an
21 amount equal to the actual value of the company's qualified
22 telephone company property that exceeds one hundred million
23 dollars.

24 (6) For the assessment year beginning January 1, 2018, an
25 amount equal to the actual value of the company's qualified
26 telephone company property that exceeds one hundred twenty-five
27 million dollars.

28 (7) For the assessment year beginning January 1, 2019, an
29 amount equal to the actual value of the company's qualified
30 telephone company property that exceeds one hundred fifty
31 million dollars.

32 Sec. 20. Section 433.12, Code 2011, is amended by adding the
33 following new subsections:

34 NEW SUBSECTION. 1A. As used in this chapter, "central
35 office equipment" means equipment owned or leased by a company

1 and used in initiating, amplifying, switching, or monitoring
2 telecommunications services, including such ancillary equipment
3 necessary for the support, regulation, control, repair, or
4 testing of such equipment.

5 NEW SUBSECTION. 3. As used in this chapter, "*qualified*
6 *telephone company property*" means telephone wire, telephone
7 cable, fiber optic cable, conduit systems, poles, or other
8 equipment owned or leased by a company and used by the company
9 to transmit sound or data.

10 NEW SUBSECTION. 4. As used in this chapter, "*transmission*
11 *equipment*" means equipment owned or leased by a company and
12 used in the process of sending information from one location to
13 another location, including such ancillary equipment necessary
14 for the support, regulation, control, repair, or testing of
15 such equipment.

16 Sec. 21. Section 476.1D, subsection 10, Code Supplement
17 2011, is amended by striking the subsection.

18 Sec. 22. EFFECTIVE DATE.

19 1. Except as provided in subsection 2, this division of this
20 Act takes effect July 1, 2012.

21 2. The section of this division of this Act amending section
22 476.1D takes effect July 1, 2019.

23 Sec. 23. APPLICABILITY.

24 1. Except as provided in subsection 2, this division of this
25 Act applies to assessment years beginning on or after January
26 1, 2013.

27 2. The section of this division of this Act amending section
28 476.1D applies to assessment years beginning on or after
29 January 1, 2020.

30 DIVISION IV

31 COUNTY AND CITY BUDGET LIMITATION

32 Sec. 24. Section 23A.2, subsection 10, paragraph h, Code
33 2011, is amended to read as follows:

34 *h.* The performance of an activity listed in section 331.424,
35 Code 2011, as a service for which a supplemental levy county

1 may ~~be certified~~ include in its budget.

2 Sec. 25. Section 28M.5, subsection 2, Code 2011, is amended
3 to read as follows:

4 2. If a regional transit district budget allocates
5 revenue responsibilities to the board of supervisors of a
6 participating county, the amount of the regional transit
7 district levy that is the responsibility of the participating
8 county shall be deducted from the maximum ~~rates~~ amount of taxes
9 authorized to be levied by the county pursuant to section
10 331.423, ~~subsections 1 and 2~~ subsection 3, paragraphs "b"
11 and "c", as applicable, unless the county meets its revenue
12 responsibilities as allocated in the budget from other
13 available revenue sources. However, for a regional transit
14 district that includes a county with a population of less than
15 three hundred thousand, the amount of the regional transit
16 district levy that is the responsibility of such participating
17 county shall be deducted from the maximum ~~rate~~ amount of taxes
18 authorized to be levied by the county pursuant to section
19 331.423, ~~subsection 1~~ subsection 3, paragraph "b".

20 Sec. 26. Section 123.38, subsection 2, Code 2011, is amended
21 to read as follows:

22 2. Any licensee or permittee, or the licensee's or
23 permittee's executor or administrator, or any person duly
24 appointed by the court to take charge of and administer the
25 property or assets of the licensee or permittee for the benefit
26 of the licensee's or permittee's creditors, may voluntarily
27 surrender a license or permit to the division. When a license
28 or permit is surrendered the division shall notify the local
29 authority, and the division or the local authority shall
30 refund to the person surrendering the license or permit, a
31 proportionate amount of the fee received by the division or
32 the local authority for the license or permit as follows: if
33 a license or permit is surrendered during the first three
34 months of the period for which it was issued, the refund shall
35 be three-fourths of the amount of the fee; if surrendered

1 more than three months but not more than six months after
 2 issuance, the refund shall be one-half of the amount of the
 3 fee; if surrendered more than six months but not more than
 4 nine months after issuance, the refund shall be one-fourth of
 5 the amount of the fee. No refund shall be made, however, for
 6 any special liquor permit, nor for a liquor control license,
 7 wine permit, or beer permit surrendered more than nine months
 8 after issuance. For purposes of this subsection, any portion
 9 of license or permit fees used for the purposes authorized in
 10 section 331.424, subsection 1, paragraph "a", subparagraphs
 11 (1) and (2), Code 2011, and in section 331.424A, shall not be
 12 deemed received either by the division or by a local authority.
 13 No refund shall be made to any licensee or permittee, upon the
 14 surrender of the license or permit, if there is at the time
 15 of surrender, a complaint filed with the division or local
 16 authority, charging the licensee or permittee with a violation
 17 of this chapter. If upon a hearing on a complaint the license
 18 or permit is not revoked or suspended, then the licensee or
 19 permittee is eligible, upon surrender of the license or permit,
 20 to receive a refund as provided in this section; but if the
 21 license or permit is revoked or suspended upon hearing the
 22 licensee or permittee is not eligible for the refund of any
 23 portion of the license or permit fee.

24 Sec. 27. Section 218.99, Code 2011, is amended to read as
 25 follows:

26 **218.99 Counties to be notified of patients' personal**
 27 **accounts.**

28 The administrator in control of a state institution shall
 29 direct the business manager of each institution under the
 30 administrator's jurisdiction ~~which is mentioned in section~~
 31 ~~331.424, subsection 1, paragraph "a", subparagraphs (1)~~
 32 ~~and (2), and for which services are paid under section~~
 33 331.424A, to quarterly inform the county of legal settlement's
 34 entity designated to perform the county's central point of
 35 coordination process of any patient or resident who has an

1 amount in excess of two hundred dollars on account in the
2 patients' personal deposit fund and the amount on deposit. The
3 administrators shall direct the business manager to further
4 notify the entity designated to perform the county's central
5 point of coordination process at least fifteen days before the
6 release of funds in excess of two hundred dollars or upon the
7 death of the patient or resident. If the patient or resident
8 has no county of legal settlement, notice shall be made to the
9 director of human services and the administrator in control of
10 the institution involved.

11 Sec. 28. Section 331.263, subsection 2, Code 2011, is
12 amended to read as follows:

13 2. The governing body of the community commonwealth
14 shall have the authority to levy county taxes and shall
15 have the authority to levy city taxes to the extent the
16 city tax levy authority is transferred by the charter to
17 the community commonwealth. A city participating in the
18 community commonwealth shall transfer a portion of the
19 city's tax levy authorized under section 384.1 or 384.12,
20 whichever is applicable, to the governing body of the community
21 commonwealth. The maximum ~~rates~~ amount of taxes authorized to
22 be levied under ~~sections~~ section 384.1 and the maximum amount
23 of taxes authorized to be levied under section 384.12 by a city
24 participating in the community commonwealth shall be reduced
25 by an amount equal to the rates of the same or similar taxes
26 levied in the city by the governing body of the community
27 commonwealth.

28 Sec. 29. Section 331.301, subsection 12, Code Supplement
29 2011, is amended to read as follows:

30 12. The board of supervisors may credit funds to a reserve
31 for the purposes authorized by subsection 11 of this section;
32 ~~section 331.424, subsection 1, paragraph "a", subparagraph~~
33 ~~(6);~~ and section 331.441, subsection 2, paragraph "b". Moneys
34 credited to the reserve, and interest earned on such moneys,
35 shall remain in the reserve until expended for purposes

1 authorized by subsection 11 of this section; ~~section 331.424,~~
2 ~~subsection 1, paragraph "a", subparagraph (6);~~ or section
3 331.441, subsection 2, paragraph "b".

4 Sec. 30. Section 331.421, subsections 1 and 10, Code 2011,
5 are amended by striking the subsections.

6 Sec. 31. Section 331.421, Code 2011, is amended by adding
7 the following new subsection:

8 NEW SUBSECTION. 7A. "Item" means a budgeted expenditure,
9 appropriation, or cash reserve from a fund for a service area,
10 program, program element, or purpose.

11 Sec. 32. Section 331.423, Code 2011, is amended by striking
12 the section and inserting in lieu thereof the following:

13 **331.423 Property tax dollars — maximums.**

14 1. Annually, the board shall determine separate property
15 tax levy limits to pay for general county services and rural
16 county services in accordance with this section. The property
17 tax levies separately certified for general county services and
18 rural county services under section 331.434 shall not raise
19 property tax dollars that exceed the amount determined under
20 this section.

21 2. For purposes of this section and section 331.423B, unless
22 the context otherwise requires:

23 a. "Annual growth factor" means an index, expressed as
24 a percentage, determined by the department of management by
25 January 1 of the calendar year in which the budget year begins.
26 In determining the annual growth factor, the department shall
27 calculate the average of the preceding twelve-month percentage
28 change, which shall be computed on a monthly basis, in the
29 midwest consumer price index, ending with the percentage change
30 for the month of November. The department shall then add that
31 average percentage change to one hundred percent. In no case,
32 however, shall the annual growth factor exceed one hundred four
33 percent.

34 b. "Boundary adjustment" means annexation, severance,
35 incorporation, or discontinuance as those terms are defined in

1 section 368.1.

2 *c.* "Budget year" is the fiscal year beginning during the
3 calendar year in which a budget is certified.

4 *d.* "Current fiscal year" is the fiscal year ending during
5 the calendar year in which a budget is certified.

6 *e.* "Net new valuation taxes" means the amount of property
7 tax dollars equal to the current fiscal year's levy rate in
8 the county for general county services or for rural county
9 services, as applicable, multiplied by the increase from the
10 current fiscal year to the budget year in taxable valuation due
11 to the following:

12 (1) Net new construction, excluding all incremental
13 valuation that is released in any one year from either a
14 division of revenue under section 260E.4 or an urban renewal
15 area for which taxes were being divided under section 403.19 if
16 the property for the valuation being released remains subject
17 to the division of revenue under section 260E.4 or remains part
18 of the urban renewal area that is subject to a division of
19 revenue under section 403.19.

20 (2) Additions or improvements to existing structures.

21 (3) Remodeling of existing structures for which a building
22 permit is required.

23 (4) Net boundary adjustment.

24 (5) A municipality no longer dividing tax revenues in an
25 urban renewal area as provided in section 403.19 or a community
26 college no longer dividing revenues as provided in section
27 260E.4.

28 (6) That portion of taxable property located in an urban
29 revitalization area on which an exemption was allowed and such
30 exemption has expired.

31 3. *a.* For the fiscal year beginning July 1, 2013, and
32 subsequent fiscal years, the maximum amount of property tax
33 dollars which may be certified for levy by a county for general
34 county services and rural county services shall be the maximum
35 property tax dollars calculated under paragraphs "b" and "c",

1 respectively.

2 **b.** The maximum property tax dollars that may be levied for
3 general county services is an amount equal to the sum of the
4 following:

5 (1) The annual growth factor times the current fiscal year's
6 maximum property tax dollars for general county services.

7 (2) The amount of net new valuation taxes in the county.

8 **c.** The maximum property tax dollars that may be levied for
9 rural county services is an amount equal to the sum of the
10 following:

11 (1) The annual growth factor times the current fiscal year's
12 maximum property tax dollars for rural county services.

13 (2) The amount of net new valuation taxes in the
14 unincorporated area of the county.

15 4. **a.** For purposes of calculating maximum property tax
16 dollars for general county services for the fiscal year
17 beginning July 1, 2013, only, the term "*current fiscal year's*
18 *maximum property tax dollars*" shall mean the total amount of
19 property tax dollars certified by the county for general county
20 services for the fiscal year beginning July 1, 2012.

21 **b.** For purposes of calculating maximum property tax dollars
22 for rural county services for the fiscal year beginning July
23 1, 2013, only, the term "*current fiscal year's maximum property*
24 *tax dollars*" shall mean the total amount of property tax dollars
25 certified by the county for rural county services for the
26 fiscal year beginning July 1, 2012.

27 5. Property taxes certified for mental health, mental
28 retardation, and developmental disabilities services, the
29 emergency services fund in section 331.424C, the debt service
30 fund in section 331.430, any capital projects fund established
31 by the county for deposit of bond, loan, or note proceeds, and
32 any temporary increase approved pursuant to section 331.424,
33 are not included in the maximum amount of property tax dollars
34 that may be certified for a budget year under subsection 3.

35 6. The department of management, in consultation with the

1 county finance committee, shall adopt rules to administer this
2 section. The department shall prescribe forms to be used by
3 counties when making calculations required by this section.

4 Sec. 33. NEW SECTION. 331.423B Ending fund balance.

5 1. a. Budgeted ending fund balances for a budget year
6 in excess of twenty-five percent of budgeted expenditures in
7 either the general fund or rural services fund for that budget
8 year shall be explicitly reserved or designated for a specific
9 purpose.

10 b. A county is encouraged, but not required, to reduce
11 budgeted, unreserved, or undesignated ending fund balances for
12 the budget year to an amount equal to approximately twenty-five
13 percent of budgeted expenditures and transfers from the general
14 fund and rural services fund for that budget year unless a
15 decision is certified by the state appeal board ordering a
16 reduction in the ending fund balance of any of those funds.

17 c. In a protest to the county budget under section 331.436,
18 the county shall have the burden of proving that the budgeted
19 balances in excess of twenty-five percent are reasonably likely
20 to be appropriated for the explicitly reserved or designated
21 specific purpose. The excess budgeted balance for the specific
22 purpose shall be considered an increase in an item in the
23 budget for purposes of section 24.28.

24 2. a. For a county that has, as of June 30, 2012, reduced
25 its actual ending fund balance to less than twenty-five
26 percent of actual expenditures, additional property taxes may
27 be computed and levied as provided in this subsection. The
28 additional property tax levy amount is an amount not to exceed
29 twenty-five percent of actual expenditures from the general
30 fund and rural services fund for the fiscal year beginning July
31 1, 2011, minus the combined ending fund balances for those
32 funds for that year.

33 b. The amount of the additional property taxes shall be
34 apportioned between the general fund and the rural services
35 fund. However, the amount apportioned for general county

1 services and for rural county services shall not exceed for
2 each fund twenty-five percent of actual expenditures for the
3 fiscal year beginning July 1, 2011.

4 c. All or a portion of additional property tax dollars
5 may be levied for the purpose of increasing cash reserves
6 for general county services and rural county services in the
7 budget year. The additional property tax dollars authorized
8 under this subsection but not levied may be carried forward as
9 unused ending fund balance taxing authority until and for the
10 fiscal year beginning July 1, 2018. The amount carried forward
11 shall not exceed twenty-five percent of the maximum amount of
12 property tax dollars available in the current fiscal year.
13 Additionally, property taxes that are levied as unused ending
14 fund balance taxing authority under this subsection may be the
15 subject of a protest under section 331.436, and the amount
16 will be considered an increase in an item in the budget for
17 purposes of section 24.28. The amount of additional property
18 taxes levied under this subsection shall not be included in the
19 computation of the maximum amount of property tax dollars which
20 may be certified and levied under section 331.423.

21 Sec. 34. Section 331.424, Code 2011, is amended by striking
22 the section and inserting in lieu thereof the following:

23 **331.424 Authority to levy beyond maximum property tax**
24 **dollars.**

25 1. The board may certify additions to the maximum amount
26 of property tax dollars to be levied for a period of time not
27 to exceed two years if the proposition has been submitted at a
28 special election and received a favorable majority of the votes
29 cast on the proposition.

30 2. The special election is subject to the following:

31 a. The board must give at least thirty-two days' notice to
32 the county commissioner of elections that the special election
33 is to be held. In no case, however, shall a notice be given to
34 the county commissioner of elections after December 31 for an
35 election on a proposition to exceed the statutory limits during

1 the fiscal year beginning in the next calendar year.

2 *b.* The special election shall be conducted by the county
3 commissioner of elections in accordance with law.

4 *c.* The proposition to be submitted shall be substantially
5 in the following form:

6 Vote "yes" or "no" on the following: Shall the county of
7 _____ levy for an additional \$_____ each year for ___ years
8 beginning July 1, _____, in excess of the statutory limits
9 otherwise applicable for the (general county services or rural
10 services) fund?

11 *d.* The canvass shall be held beginning at 1:00 p.m. on
12 the second day which is not a holiday following the special
13 election.

14 *e.* Notice of the special election shall be published at
15 least once in a newspaper as specified in section 331.305 prior
16 to the date of the special election. The notice shall appear
17 as early as practicable after the board has voted to submit
18 a proposition to the voters to levy additional property tax
19 dollars.

20 3. Registered voters in the county may vote on the
21 proposition to increase property taxes for the general fund
22 in excess of the statutory limit. Registered voters residing
23 outside the corporate limits of a city within the county may
24 vote on the proposition to increase property taxes for the
25 rural services fund in excess of the statutory limit.

26 4. The amount of additional property tax dollars certified
27 under this section shall not be included in the computation
28 of the maximum amount of property tax dollars which may be
29 certified and levied under section 331.423.

30 Sec. 35. Section 331.424A, subsection 4, Code Supplement
31 2011, is amended to read as follows:

32 4. For the fiscal year beginning July 1, 1996, and for each
33 subsequent fiscal year, the county shall certify a levy for
34 payment of services. For each fiscal year, county revenues
35 from taxes imposed by the county credited to the services fund

1 shall not exceed an amount equal to the amount of base year
2 expenditures for services as defined in section 331.438, less
3 the amount of property tax relief to be received pursuant to
4 section 426B.2, in the fiscal year for which the budget is
5 certified. The county auditor and the board of supervisors
6 shall reduce the amount of the levy certified for the services
7 fund by the amount of property tax relief to be received. A
8 levy certified under this section is not subject to ~~the appeal~~
9 ~~provisions of section 331.426 or to any other provision in law~~
10 authorizing a county to exceed, increase, or appeal a property
11 tax levy limit.

12 Sec. 36. Section 331.427, subsection 3, paragraph 1, Code
13 2011, is amended to read as follows:

14 1. Services listed in section 331.424, subsection 1, Code
15 2011, and section 331.554.

16 Sec. 37. Section 331.428, subsection 2, paragraph d, Code
17 2011, is amended to read as follows:

18 d. Services listed under section 331.424, subsection 2, Code
19 2011.

20 Sec. 38. Section 331.434, subsection 1, Code 2011, is
21 amended to read as follows:

22 1. The budget shall show the amount required for each class
23 of proposed expenditures, a comparison of the amounts proposed
24 to be expended with the amounts expended for like purposes for
25 the two preceding years, the revenues from sources other than
26 property taxation, and the amount to be raised by property
27 taxation, in the detail and form prescribed by the director
28 of the department of management. For each county that has
29 established an urban renewal area, the budget shall include
30 estimated and actual tax increment financing revenues and all
31 estimated and actual expenditures of the revenues, proceeds
32 from debt and all estimated and actual expenditures of the
33 debt proceeds, and identification of any entity receiving a
34 direct payment of taxes funded by tax increment financing
35 revenues and shall include the total amount of loans, advances,

1 indebtedness, or bonds outstanding at the close of the most
2 recently ended fiscal year, which qualify for payment from the
3 special fund created in section 403.19, including interest
4 negotiated on such loans, advances, indebtedness, or bonds.
5 For purposes of this subsection, "indebtedness" includes
6 written agreements whereby the county agrees to suspend, abate,
7 exempt, rebate, refund, or reimburse property taxes, provide
8 a grant for property taxes paid, or make a direct payment
9 of taxes, with moneys in the special fund. The amount of
10 loans, advances, indebtedness, or bonds shall be listed in
11 the aggregate for each county reporting. ~~The county finance
12 committee, in consultation with the department of management
13 and the legislative services agency, shall determine reporting
14 criteria and shall prepare a form for reports filed with the
15 department pursuant to this section. The department shall make
16 the information available by electronic means.~~

17 Sec. 39. Section 373.10, Code 2011, is amended to read as
18 follows:

19 **373.10 Taxing authority.**

20 The metropolitan council shall have the authority to
21 levy city taxes to the extent the city tax levy authority
22 is transferred by the charter to the metropolitan council.
23 A member city shall transfer a portion of the city's tax
24 levy authorized under section 384.1 or 384.12, whichever is
25 applicable, to the metropolitan council. The maximum ~~rates~~
26 amount of taxes authorized to be levied under ~~sections~~ section
27 384.1 and the taxes authorized to be levied under section
28 384.12 by a member city shall be reduced by an amount equal to
29 the rates of the same or similar taxes levied in the city by the
30 metropolitan council.

31 Sec. 40. Section 384.1, Code 2011, is amended by striking
32 the section and inserting in lieu thereof the following:

33 **384.1 Property tax dollars — maximums.**

34 1. A city shall certify taxes to be levied by the city
35 on all taxable property within the city limits, for all city

1 government purposes. Annually, the city council may certify
2 basic levies for city government purposes, subject to the
3 limitation on property tax dollars provided in this section.

4 2. For purposes of this section and section 384.1B, unless
5 the context otherwise requires:

6 a. "*Annual growth factor*" means an index, expressed as
7 a percentage, determined by the department of management by
8 January 1 of the calendar year in which the budget year begins.
9 In determining the annual growth factor, the department shall
10 calculate the average of the preceding twelve-month percentage
11 change, which shall be computed on a monthly basis, in the
12 midwest consumer price index, ending with the percentage change
13 for the month of November. The department shall then add that
14 average percentage change to one hundred percent. In no case,
15 however, shall the annual growth factor exceed one hundred four
16 percent.

17 b. "*Boundary adjustment*" means annexation, severance,
18 incorporation, or discontinuance as those terms are defined in
19 section 368.1.

20 c. "*Budget year*" is the fiscal year beginning during the
21 calendar year in which a budget is certified.

22 d. "*Current fiscal year*" is the fiscal year ending during
23 the calendar year in which a budget is certified.

24 e. "*Net new valuation taxes*" means the amount of property
25 tax dollars equal to the current fiscal year's levy rate in the
26 city for the general fund multiplied by the increase from the
27 current fiscal year to the budget year in taxable valuation due
28 to the following:

29 (1) Net new construction, excluding all incremental
30 valuation that is released in any one year from either a
31 division of revenue under section 260E.4 or an urban renewal
32 area for which taxes were being divided under section 403.19 if
33 the property for the valuation being released remains subject
34 to the division of revenue under section 260E.4 or remains part
35 of the urban renewal area that is subject to a division of

1 revenue under section 403.19.

2 (2) Additions or improvements to existing structures.

3 (3) Remodeling of existing structures for which a building
4 permit is required.

5 (4) Net boundary adjustment.

6 (5) A municipality no longer dividing tax revenues in an
7 urban renewal area as provided in section 403.19 or a community
8 college no longer dividing revenues as provided in section
9 260E.4.

10 (6) That portion of taxable property located in an urban
11 revitalization area on which an exemption was allowed and such
12 exemption has expired.

13 3. a. For the fiscal year beginning July 1, 2013, and
14 subsequent fiscal years, the maximum amount of property
15 tax dollars which may be certified for levy by a city for
16 the general fund shall be the maximum property tax dollars
17 calculated under paragraph "b".

18 b. The maximum property tax dollars that may be levied for
19 deposit in the general fund is an amount equal to the sum of the
20 following:

21 (1) The annual growth factor times the current fiscal year's
22 maximum property tax dollars for the general fund.

23 (2) The amount of net new valuation taxes in the city.

24 4. For purposes of calculating maximum property tax dollars
25 for the city general fund for the fiscal year beginning July
26 1, 2013, only, the term "*current fiscal year's maximum property*
27 *tax dollars*" shall mean the total amount of property tax dollars
28 certified by the city for the city's general fund for the
29 fiscal year beginning July 1, 2012.

30 5. Property taxes certified for deposit in the debt service
31 fund in section 384.4, trust and agency funds in section
32 384.6, capital improvements reserve fund in section 384.7,
33 the emergency fund in section 384.8, any capital projects
34 fund established by the city for deposit of bond, loan, or
35 note proceeds, any temporary increase approved pursuant to

1 section 384.12A, property taxes collected from a voted levy in
2 section 384.12, and property taxes levied under section 384.12,
3 subsection 18, are not counted against the maximum amount of
4 property tax dollars that may be certified for a fiscal year
5 under subsection 3.

6 6. Notwithstanding the maximum amount of taxes a city
7 may certify for levy, the tax levied by a city on tracts of
8 land and improvements on the tracts of land used and assessed
9 for agricultural or horticultural purposes shall not exceed
10 three dollars and three-eighths cents per thousand dollars
11 of assessed value in any year. Improvements located on such
12 tracts of land and not used for agricultural or horticultural
13 purposes and all residential dwellings are subject to the same
14 rate of tax levied by the city on all other taxable property
15 within the city.

16 7. The department of management, in consultation with the
17 city finance committee, shall adopt rules to administer this
18 section. The department shall prescribe forms to be used by
19 cities when making calculations required by this section.

20 Sec. 41. NEW SECTION. 384.1B Ending fund balance.

21 1. a. Budgeted ending fund balances for a budget year in
22 excess of twenty-five percent of budgeted expenditures from the
23 general fund for that budget year shall be explicitly reserved
24 or designated for a specific purpose.

25 b. A city is encouraged, but not required, to reduce
26 budgeted, unreserved, or undesignated ending fund balances for
27 the budget year to an amount equal to approximately twenty-five
28 percent of budgeted expenditures and transfers from the general
29 fund for that budget year unless a decision is certified by
30 the state appeal board ordering a reduction in the ending fund
31 balance of the fund.

32 c. In a protest to the city budget under section 384.19,
33 the city shall have the burden of proving that the budgeted
34 balances in excess of twenty-five percent are reasonably likely
35 to be appropriated for the explicitly reserved or designated

1 specific purpose. The excess budgeted balance for the specific
2 purpose shall be considered an increase in an item in the
3 budget for purposes of section 24.28.

4 2. a. For a city that has, as of June 30, 2012, reduced its
5 ending fund balance to less than twenty-five percent of actual
6 expenditures, additional property taxes may be computed and
7 levied as provided in this subsection. The additional property
8 tax levy amount is an amount not to exceed the difference
9 between twenty-five percent of actual expenditures for city
10 government purposes for the fiscal year beginning July 1, 2011,
11 minus the ending fund balance for that year.

12 b. All or a portion of additional property tax dollars
13 may be levied for the purpose of increasing cash reserves for
14 city government purposes in the budget year. The additional
15 property tax dollars authorized under this subsection but not
16 levied may be carried forward as unused ending fund balance
17 taxing authority until and for the fiscal year beginning
18 July 1, 2018. The amount carried forward shall not exceed
19 twenty-five percent of the maximum amount of property tax
20 dollars available in the current fiscal year. Additionally,
21 property taxes that are levied as unused ending fund balance
22 taxing authority under this subsection may be the subject of a
23 protest under section 384.19, and the amount will be considered
24 an increase in an item in the budget for purposes of section
25 24.28. The amount of additional property tax dollars levied
26 under this subsection shall not be included in the computation
27 of the maximum amount of property tax dollars which may be
28 certified and levied under section 384.1.

29 Sec. 42. Section 384.12, subsection 20, Code 2011, is
30 amended by striking the subsection.

31 Sec. 43. NEW SECTION. 384.12A Authority to levy beyond
32 maximum property tax dollars.

33 1. The city council may certify additions to the maximum
34 amount of property tax dollars to be levied for a period of
35 time not to exceed two years if the proposition has been

1 submitted at a special election and received a favorable
2 majority of the votes cast on the proposition.

3 2. The special election is subject to the following:

4 a. The city council must give at least thirty-two days'
5 notice to the county commissioner of elections that the special
6 election is to be held. In no case, however, shall a notice be
7 given to the county commissioner of elections after December 31
8 for an election on a proposition to exceed the statutory limits
9 during the fiscal year beginning in the next calendar year.

10 b. The special election shall be conducted by the county
11 commissioner of elections in accordance with law.

12 c. The proposition to be submitted shall be substantially
13 in the following form:

14 Vote "yes" or "no" on the following: Shall the city of
15 _____ levy for an additional \$ _____ each year for ___ years
16 beginning next July 1, _____, in excess of the statutory limits
17 otherwise applicable for the city general fund?

18 d. The canvass shall be held beginning at 1:00 p.m. on
19 the second day which is not a holiday following the special
20 election.

21 e. Notice of the special election shall be published at
22 least once in a newspaper as specified in section 362.3 prior
23 to the date of the special election. The notice shall appear
24 as early as practicable after the city council has voted to
25 submit a proposition to the voters to levy additional property
26 tax dollars.

27 3. The amount of additional property tax dollars certified
28 under this section shall not be included in the computation
29 of the maximum amount of property tax dollars which may be
30 certified and levied under section 384.1.

31 Sec. 44. Section 384.16, subsection 1, paragraph b, Code
32 2011, is amended to read as follows:

33 b. A budget must show comparisons between the estimated
34 expenditures in each program in the following year, the latest
35 estimated expenditures in each program in the current year,

1 and the actual expenditures in each program from the annual
 2 report as provided in section 384.22, or as corrected by a
 3 subsequent audit report. Wherever practicable, as provided in
 4 rules of the committee, a budget must show comparisons between
 5 the levels of service provided by each program as estimated for
 6 the following year, and actual levels of service provided by
 7 each program during the two preceding years. For each city
 8 that has established an urban renewal area, the budget shall
 9 include estimated and actual tax increment financing revenues
 10 and all estimated and actual expenditures of the revenues,
 11 proceeds from debt and all estimated and actual expenditures of
 12 the debt proceeds, and identification of any entity receiving
 13 a direct payment of taxes funded by tax increment financing
 14 revenues and shall include the total amount of loans, advances,
 15 indebtedness, or bonds outstanding at the close of the most
 16 recently ended fiscal year, which qualify for payment from the
 17 special fund created in section 403.19, including interest
 18 negotiated on such loans, advances, indebtedness, or bonds.
 19 The amount of loans, advances, indebtedness, or bonds shall
 20 be listed in the aggregate for each city reporting. ~~The city
 21 finance committee, in consultation with the department of
 22 management and the legislative services agency, shall determine
 23 reporting criteria and shall prepare a form for reports filed
 24 with the department pursuant to this section. The department
 25 shall make the information available by electronic means.~~

26 Sec. 45. Section 384.19, Code 2011, is amended by adding the
 27 following new unnumbered paragraph:

28 NEW UNNUMBERED PARAGRAPH. For purposes of a tax protest
 29 filed under this section, "item" means a budgeted expenditure,
 30 appropriation, or cash reserve from a fund for a service area,
 31 program, program element, or purpose.

32 Sec. 46. Section 386.8, Code 2011, is amended to read as
 33 follows:

34 **386.8 Operation tax.**

35 A city may establish a self-supported improvement district

1 operation fund, and may certify taxes not to exceed the
2 rate limitation as established in the ordinance creating the
3 district, or any amendment thereto, each year to be levied
4 for the fund against all of the property in the district,
5 for the purpose of paying the administrative expenses of
6 the district, which may include but are not limited to
7 administrative personnel salaries, a separate administrative
8 office, planning costs including consultation fees, engineering
9 fees, architectural fees, and legal fees and all other expenses
10 reasonably associated with the administration of the district
11 and the fulfilling of the purposes of the district. The taxes
12 levied for this fund may also be used for the purpose of paying
13 maintenance expenses of improvements or self-liquidating
14 improvements for a specified length of time with one or more
15 options to renew if such is clearly stated in the petition
16 which requests the council to authorize construction of the
17 improvement or self-liquidating improvement, whether or not
18 such petition is combined with the petition requesting creation
19 of a district. Parcels of property which are assessed as
20 residential property for property tax purposes are exempt from
21 the tax levied under this section except residential properties
22 within a duly designated historic district. A tax levied under
23 this section is not subject to the ~~levy~~ limitation in section
24 384.1.

25 Sec. 47. Section 386.9, Code 2011, is amended to read as
26 follows:

27 **386.9 Capital improvement tax.**

28 A city may establish a capital improvement fund for a
29 district and may certify taxes, not to exceed the rate
30 established by the ordinance creating the district, or any
31 subsequent amendment thereto, each year to be levied for
32 the fund against all of the property in the district, for
33 the purpose of accumulating moneys for the financing or
34 payment of a part or all of the costs of any improvement or
35 self-liquidating improvement. However, parcels of property

1 which are assessed as residential property for property tax
2 purposes are exempt from the tax levied under this section
3 except residential properties within a duly designated historic
4 district. A tax levied under this section is not subject to
5 the ~~levy~~ limitations in section 384.1 or 384.7.

6 Sec. 48. REPEAL. Sections 331.425 and 331.426, Code 2011,
7 are repealed.

8 Sec. 49. APPLICABILITY. This division of this Act applies
9 to fiscal years beginning on or after July 1, 2013.

10

EXPLANATION

11 This bill relates to property taxation and local government
12 budgets by increasing the regular program foundation base
13 percentage, establishing a property tax exemption for certain
14 commercial and industrial property, establishing and modifying
15 property assessment limitations, providing for certain property
16 tax replacement payments, modifying the assessment and taxation
17 of telecommunications company property, establishing budget
18 limitations for counties and cities, and eliminating certain
19 reporting requirements.

20 Division I of the bill provides for an increase in the
21 regular program foundation base under the state school
22 foundation program. The foundation base is the specified
23 percentage of the state cost per pupil calculation which is
24 paid as state aid to school districts, above and beyond the
25 uniform property tax levy imposed in Code section 257.3.
26 Beginning with the budget year commencing July 1, 2014, the
27 increase is phased in over an eight-year period in annual
28 increments, from the current foundation base level of 87.5
29 percent to the level of 100 percent in the eighth year.

30 Division I of the bill provides that the department of
31 management's determination of an adjusted additional property
32 tax levy and a statewide maximum adjusted additional property
33 tax levy rate only applies to budget years beginning before
34 July 1, 2021. The bill also provides that adjusted additional
35 property tax levy aid to school districts is only provided for

1 budget years beginning before July 1, 2021. The elimination
2 of adjusted additional property tax levy aid is the result of
3 the regular program foundation base percentage reaching 100
4 percent.

5 Division I of the bill sunsets the annual appropriation of
6 \$24 million for adjusted additional property tax levy aid under
7 Code section 257.15(4) for the fiscal year beginning July 1,
8 2021, and thereafter, and provides that if the state foundation
9 base percentage is 100 percent, the department of management
10 shall deposit those remaining funds allocated for adjusted
11 additional property tax levy aid in the taxpayers trust fund.

12 Division I of the bill specifies that any moneys in the
13 property tax equity and relief fund established under Code
14 section 257.16A on June 30, 2021, shall be deposited by the
15 department of management in the taxpayers trust fund.

16 Division I of the bill provides that moneys in the secure an
17 advanced vision for education fund (SAVE) and collected in a
18 fiscal year beginning before July 1, 2019, that are in excess
19 of that needed to provide each school district with its formula
20 amount continue, as under current law, to be distributed and
21 credited to the property tax equity and relief fund created
22 in Code section 257.16A. The bill provides that such excess
23 moneys collected in a fiscal year beginning on or after July 1,
24 2019, shall be deposited in the taxpayers trust fund.

25 Division II of the bill establishes a property tax exemption
26 for commercial and industrial property that is not located in
27 an urban renewal area for which an ordinance providing for a
28 division of revenue was adopted before January 1, 2012, and is
29 in effect on the date of the assessment. For assessment years
30 beginning on or after January 1, 2013, but before January 1,
31 2018, the exemption is limited to an amount of actual value
32 of the property equal to 15 percent of either \$400,000 or the
33 actual value of the property, whichever is less. For the
34 assessment year beginning on January 1, 2018, the exemption
35 is limited to an amount of actual value of the property equal

1 to 10 percent of either \$400,000 or the actual value of the
2 property, whichever is less. For the assessment year beginning
3 on January 1, 2019, the exemption is limited to an amount of
4 actual value of the property equal to 5 percent of either
5 \$400,000 or the actual value of the property, whichever is
6 less. If property that is eligible for the exemption under
7 the bill also receives a property tax exemption under another
8 provision of law for the same assessment year, the amount of
9 the exemption under the bill is reduced by the amount of the
10 other exemption. The bill provides that wind energy conversion
11 property is not eligible for the exemption.

12 Division II of the bill changes the property tax assessment
13 limitation percentage for residential property and agricultural
14 property from 4 percent to 2 percent for assessment years
15 beginning on or after January 1, 2013. The bill also provides
16 that for valuations established on or after January 1, 2013,
17 the percentage of actual value at which residential property
18 is assessed, as calculated in the bill, may not exceed the
19 percentage at which certain commercial property that is not
20 subject to a division of revenue is assessed for the same
21 assessment year.

22 Division II of the bill strikes the methodology in Code
23 section 441.21(5) currently used to determine the percentage
24 of actual value at which commercial property and industrial
25 property are assessed for property tax purposes. The bill
26 provides that for valuations established for the assessment
27 year beginning January 1, 2013, the percentage of actual value
28 at which commercial and industrial property that are not
29 subject to a division of revenue ordinance under Code chapter
30 403 that was adopted before January 1, 2012, are assessed is
31 95 percent. For the assessment year beginning January 1,
32 2014, the percentage of actual value at which such commercial
33 and industrial property are assessed is 90 percent. For the
34 assessment year beginning January 1, 2015, the percentage of
35 actual value at which such commercial and industrial property

1 are assessed is 85 percent. For the assessment year beginning
2 January 1, 2016, the percentage of actual value at which
3 such commercial and industrial property are assessed is 80
4 percent. For the assessment year beginning January 1, 2017,
5 the percentage of actual value at which such commercial and
6 industrial property are assessed is 75 percent. For the
7 assessment year beginning January 1, 2018, the percentage of
8 actual value at which such commercial and industrial property
9 are assessed is 70 percent. For the assessment year beginning
10 January 1, 2019, the percentage of actual value at which such
11 commercial and industrial property are assessed is 65 percent.
12 For assessment years beginning on or after January 1, 2020,
13 the percentage of actual value at which such commercial and
14 industrial property are assessed is 60 percent.

15 Division II provides that for valuations established on or
16 after January 1, 2013, property valued by the department of
17 revenue pursuant to Code chapter 434 (railway property) that is
18 not in an area subject to a division of revenue ordinance under
19 Code chapter 403 adopted before January 1, 2012, is assessed
20 at a percentage of its actual value equal to the percentage
21 of actual value at which commercial property that is not in
22 an area subject to a division of revenue ordinance under Code
23 chapter 403 adopted before January 1, 2012, is assessed for the
24 same assessment year.

25 Division II creates a commercial and industrial property tax
26 replacement fund in new Code section 441.21A under the control
27 of the department of revenue. For the fiscal year beginning
28 July 1, 2014, the bill appropriates \$100 million from the
29 general fund of the state to the department of revenue to be
30 credited to the fund. For the fiscal year beginning July 1,
31 2015, the bill appropriates \$150 million from the general fund
32 of the state to the department of revenue to be credited to the
33 fund. For the fiscal year beginning July 1, 2016, the bill
34 appropriates \$180 million from the general fund of the state to
35 the department of revenue to be credited to the fund. For the

1 fiscal year beginning July 1, 2017, the bill appropriates \$210
2 million from the general fund of the state to the department
3 of revenue to be credited to the fund. For the fiscal year
4 beginning July 1, 2018, and each fiscal year thereafter, there
5 is appropriated from the general fund of the state to the
6 department of revenue to be credited to the fund, \$240 million.

7 Division II provides that beginning with the fiscal year
8 starting July 1, 2014, moneys appropriated to the commercial
9 and industrial property tax replacement fund are for the
10 payment of commercial and industrial property tax replacement
11 claims. If an amount appropriated for a fiscal year is
12 insufficient to pay all replacement claims, the director of
13 revenue prorates the disbursements from the fund. Any unspent
14 balance as of June 30 of each year shall revert to the general
15 fund of the state as provided in Code section 8.33.

16 Division II requires the assessor to determine, on or before
17 July 1 of each fiscal year beginning on or after July 1, 2014,
18 the total assessed value of all commercial property, industrial
19 property, and property assessed by the department of revenue
20 under Code chapter 434 (railway) for taxes due and payable
21 in that fiscal year and the total assessed value of all such
22 property assessed as of January 1, 2012, and to report those
23 valuations to the county auditor. On or before September
24 1, the county auditor prepares a statement, based upon the
25 report listing for each taxing district in the county the
26 assessed values of such property located in the taxing district
27 for specified assessment years, the tax levy rate for each
28 taxing district, and the property tax replacement claim for
29 each taxing district. The replacement claim is equal to the
30 difference between the assessed valuation of all such property
31 located in the taxing district and assessed for that assessment
32 year and the total assessed value of all such property located
33 in the taxing district and assessed as of January 1, 2012,
34 multiplied by the tax rate specified for the taxing district.
35 If the January 1, 2012, assessment amount is less, there is no

1 replacement claim for the taxing district for that year.

2 Replacement claims are paid to each county treasurer in
3 equal installments in September and March of each year. The
4 county treasurer apportions the replacement claim payments
5 among the eligible taxing districts in the county.

6 Division II excludes tax increment financing districts
7 in urban renewal areas as a taxing district for purposes of
8 allocation of replacement moneys.

9 Division II, pursuant to Code section 4.13, does not affect
10 the application of prior provisions of Code section 441.21 to
11 assessment years beginning before January 1, 2013.

12 Division II of the bill applies to assessment years
13 beginning on or after January 1, 2013.

14 Division II of the bill provides that the provisions in
15 Code section 25B.7, relating to the obligation of the state
16 to reimburse local jurisdictions for property tax credits and
17 exemptions, does not apply to the exemption in division II of
18 the bill.

19 Division III of the bill relates to the manner in which the
20 property of telecommunications companies is assessed and taxed.

21 The assessment provisions of current Code section
22 433.4 provide that in ascertaining the actual value of
23 telecommunications company property the director of revenue
24 shall include all property of every kind and character
25 whatsoever, real, personal, or mixed, used by the company in
26 the transaction of telegraph and telephone business.

27 Division III of the bill strikes the provisions that
28 included all kinds and character of property in the
29 determination of actual value of a company's property.
30 Instead, the bill provides that for assessment years beginning
31 on or after January 1, 2013, a company's property, excluding
32 central office equipment, transmission equipment, and qualified
33 telephone company property, all as defined in the bill, shall
34 be subject to assessment and taxation under Code chapter 433 by
35 the director of revenue in the same manner as property assessed

1 and taxed as commercial property. The bill provides, however,
2 that for assessment years beginning on or after January 1,
3 2013, but before January 1, 2020, the director of revenue
4 shall include as part of the actual value so determined for
5 that assessment year a specified amount of actual value of
6 the company's qualified telephone company property. The bill
7 defines "qualified telephone company property" as telephone
8 wire, telephone cable, fiber optic cable, conduit systems,
9 poles, or other equipment owned or leased by a company and used
10 by the company to transmit sound or data.

11 Division III of the bill strikes a provision in Code section
12 476.1D that allowed certain specified long-distance telephone
13 company property to be assessed for taxation as commercial
14 property by the local assessor.

15 Except for the section of division III of the bill amending
16 Code section 476.1D, division III of the bill takes effect
17 July 1, 2012, and applies to assessment years beginning on or
18 after January 1, 2013. The section of division III of the bill
19 amending Code section 476.1D takes effect July 1, 2016, and
20 applies to assessment years beginning on or after January 1,
21 2017.

22 Division IV of the bill removes the property tax levy rate
23 limitations on the general and rural funds for counties and on
24 the general fund for cities and substitutes a limitation on the
25 maximum amount of property tax dollars that may be certified
26 for expenditure by a county or city for fiscal years beginning
27 on or after July 1, 2013. For the fiscal year beginning July
28 1, 2013, and subsequent fiscal years, the maximum amount of
29 property tax dollars which may be certified for levy shall be
30 an amount equal to the sum of the current fiscal year's total
31 property tax dollars certified by the county multiplied by the
32 annual growth factor, as defined in the bill, and the amount of
33 net new valuation taxes, as defined in the bill.

34 Division IV also allows counties and cities to certify
35 additions to the maximum amount of property tax dollars to be

1 levied for a period of time not to exceed two years if the
2 proposition has been approved at a special election. The bill
3 specifies the notice and election requirements for such a
4 proposition. The bill specifies that such amounts approved at
5 special election are not to be included in the computation of
6 the maximum amount of property tax dollars for future budget
7 years.

8 Division IV of the bill specifies certain requirements
9 for ending fund balances for counties and cities. The bill
10 provides that budgeted ending fund balances in certain
11 specified funds for a budget year in excess of 25 percent
12 of budgeted expenditures shall be explicitly reserved or
13 designated for a specific purpose.

14 Under the bill, counties and cities are encouraged, but
15 not required, to reduce budgeted, unreserved, or undesignated
16 ending fund balances for the budget year to an amount equal to
17 approximately 25 percent of budgeted expenditures and certain
18 transfers for that budget year unless a decision is certified
19 by the state appeal board ordering a reduction in the ending
20 fund balance of any of those funds. The county or city,
21 as applicable, has the burden of proving that the budgeted
22 balances in excess of 25 percent are reasonably likely to be
23 appropriated for the explicitly reserved or designated specific
24 purpose.

25 Division IV of the bill also allows for additional property
26 taxes to be levied in certain fiscal years for those counties
27 or cities that have, as of June 30, 2012, reduced their
28 actual ending fund balance to less than 25 percent of actual
29 expenditures. Such additional property tax dollars authorized
30 but not levied may be carried forward as unused ending
31 fund balance taxing authority until and for the fiscal year
32 beginning July 1, 2018. However, the amount carried forward
33 shall not exceed 25 percent of the maximum amount of property
34 tax dollars available in the current fiscal year. The amount
35 of such additional property taxes levied shall not, however, be

1 included in the computation of the maximum amount of property
2 tax dollars which may be certified and levied in future budget
3 years.

4 Division IV also makes conforming amendments to other
5 provisions of the Code.

6 Division IV strikes language relating to the duties of the
7 county finance committee and the city finance committee to
8 determine criteria for reporting of certain indebtedness and
9 strikes language requiring the department of management to make
10 such information available by electronic means.

11 Division IV applies to fiscal years beginning on or after
12 July 1, 2013.